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SECTION 2: CHINA – A FADING DREAM?

Advertising Age

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Watching discounts, shoplifters

Retail sales may rebound, but profits?

An Advertising Age roundup

As the Christmas countdown progresses, some retailers across the country indicate an uptick is under way. But with sales being generated through price promotions and other measures that affect the bottom line, fourth-quarter profits are expected to show little if any improvement over fourth-quarter 1980.

In fact, many retail profits will be less than expected, said Walter Loeb of Morgan Stanley. Along with other anaylsts, he is forecasting lowered earnings for more than a few stores.

Additionally, Mr. Loeb is predicting that shoplifting will exact a higher toll from retailers this year, given the fact that many consumers simply "don't have money right now" and that stores have cut back on personnel.

Said one exec from a Philadelphia department store, "There's no doubt that shoplifting is a great area of concern and it's on the rise. People are in a desperate mood. And stores did not hire as many extra salespeople this year as they have in the past."

According to the Business Council in Washington, retail "inventories are generally not considered to be in very bad shape, and retailers are responding quickly to their inventory problems. Therefore, we expect the inventory adjustment this time to be both shorter and milder than that which accompanied the 1980 recession."

In Philadelphia, a major retailer resorted to a one-day, off-price spectacular earlier this month, exclusive of its post-Thanksgiving sales. This was a first for the store, and was deemed necessary because, as one exec put it, "People are very price conscious and worried about the economy."

From New York, B. Altman & Co.'s George Hanley, vp-sales promotion director, said, "The business is there, but you have to reach for it. It is not the year of the pet rock," a reference to a fad item of a freer-spending time.

Midwestern retail chains expect to follow a pattern that has emerged during the yuletide season over the last several years—soft sales in early December followed by heavy buying within the last two weeks before Christmas. But they, too, are attempting to lure customers with price-discounting promotions.

Major retailers are reluctant to predict the extent the Christmas

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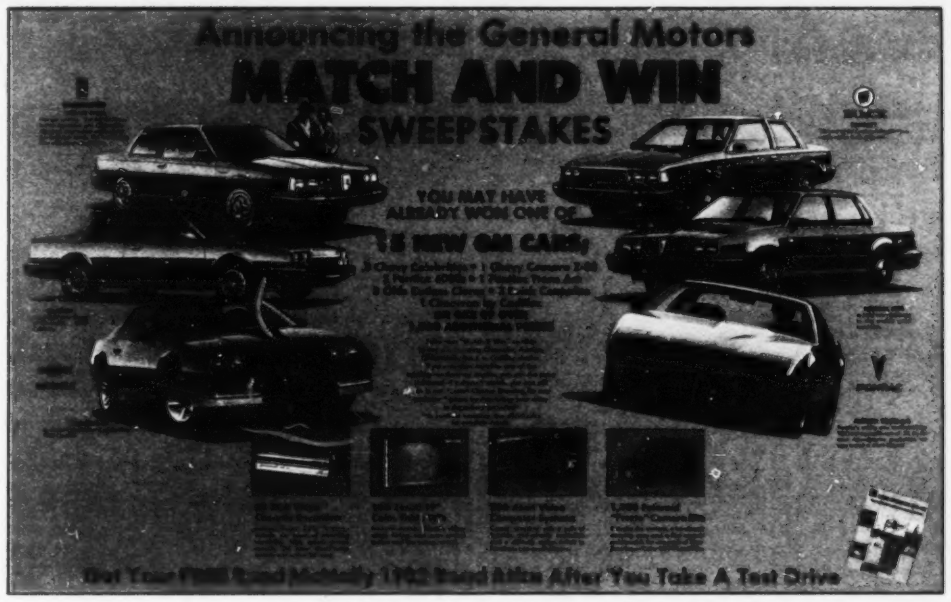

Clean sweep

General Motors is turning to a sweepstakes promotion to bring in customers. The four-page color newspaper insert will run Jan. 10.

GM tries sweepstakes

By RALPH GRAY and JAY McCORMICK

DETROIT—General Motors coupon clippers, usually an elite set of investors, will be joined by some 2,000,000 others if all goes well in an upcoming GM "Match & Win" auto sweepstakes.

It's the first time the No. 1 auto maker has used such a promotion to stimulate the auto market, which has remained sluggish despite such inducements as rebates, interest rate ceilings and special sales.

The national new car sweepstakes is the most far-reaching dealer showroom traffic builder in GM's history. It was announced last week by company president F. James McDonald, a move that underscored its importance at GM headquarters.

GM is hoping for a 5% redemption rate for the 41,000,000 newspaper insert sweeps coupons that break Jan. 10 in 257 Sunday papers.

The promotion gives GM a healthy shot at the women's market, since women are the primary users of coupons. In some cities, the four-page insert will be the centerpiece of a larger coupon insert that includes coffee, cereal and pet food advertisers.

The coupon package was produced by George F. Valassis & Co., Livonia, Mich., which sends them out every two weeks to 135 cities. The GM insert

(Continued on Page 69)

last minute news

FTC refuses to order Barclay ad changes

WASHINGTON—FTC has refused to order changes in ads for B&W's Barclay cigaret, but it will qualify Barclay's 1mg tar rating in its new tar and nicotine report due shortly. The decision is unlikely to satisfy RJR and Philip Morris, who have complained that Barclay's filter design produces artificially low tar readings on FTC's cigaret testing machine.

PM suspends test of Northwind cigarets

NEW YORK—Philip Morris suspended testing of Northwind, a cigaret introduced last July in Cleveland, Houston and St. Louis. Northwind delivered a cool taste without traditional menthol flavoring (AA, Jan. 12). PM said it was undergoing a complete evaluation. Agency: Burnett, Chicago.

Libby sells canned fruit, vegetable business

CHICAGO—Libby, McNeill & Libby agreed in principle Friday to sell its canned vegetable operations to S.S. Pierce Co., Dundee, N.Y., and its canned fruit business to California Canners & Growers, San Francisco. Both buyers will be licensed to use Libby's trademark in the U.S. Surviv-

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SAYS IT'S 27TH LARGEST

D&C, Free shops join as $175 million agency

By FRED DANZIG

NEW YORK—A new agency, Laurence, Charles & Free, has been formed by the principals of 29-year-old Daniel & Charles Associates and F. William Free & Co., a 12-year-old agency.

The new entity, claiming 1982 billings at the $175,000,000 rate and the ranking of No. 27 on the roster of largest U.S. agencies, based on the latest agency chart compiled by ADVERTISING AGE, maintains a publicly held status. This is because Daniel & Charles is owned by Mickelberry Corp., New York, a public company active in the manufacture and marketing of meat specialty products and in agency ownership. (Mickelberry also owns Nadler & Larimer.)

On the client side, the new agency continues as a major Bristol-Myers agency with Ban, Bufferin and Comtrex, and Drackett's Mr. Muscle oven cleaner, Endust and Drano, all from Daniel & Charles. It also is Abbott Labs' agency for Murine and Selsun Blue, again via D&C.

■ American Brands is a shared client, with Tareyton and the revived Lucky Strike cigarets at D&C and Carlton handled by Free. Carlton, billing $28,000,000 in 1980, is Free's largest client. The merger, of course, carries the blessings of American Brands and Bristol-Myers.

But one client that is not surviving this get-together is D&C's Schenley Industries, with its estimated $5,500,000 in billings for such brands as Ancient Age, Canadian MacNaughton, DuBouchett cordials and other beverages. D&C had to resign the business because Free brings with it the $15,000,000 Heublein account, consisting of Black Velvet Canadian, Jose Cuervo tequila, McMasters Canadian, Black & White scotch and Irish Mist.

Other D&C clients are American Safety Razor, American Assn. of Retired Persons, Del Laboratories and General Mills' Gorton's food division. Free represents Adidas, Alfa Romeo and Coca-Cola Foods (for Active yogurt).

Laurence, Charles & Free, with 175 employes—50 from the Free agency—remains at 261 Madison Ave., where Daniel & Charles had earlier leased a third floor in order to accommodate its growth. This morning, as that floor fills with staffers from Free, the agency is still coping with a shortage of

(Continued on Page 74)

Holiday season slide

Nets warm up for 1st quarter

By COLBY COATES

New York—Sports and first-quarter sales tended to dominate talk last week as the tv networks slid into the rerun and specials-filled holiday season.

At this time of year both prices and viewing levels are traditionally at their lowest point, though the pace of activity within the network sales departments is quite fast. As noted earlier (AA, Nov.9), the networks are anticipating a robust first-quarter scatter market, especially in prime and daytime. What's made some network execs even more bullish is the recent but welcome trend of falling interest rates.

"You can't underestimate the importance of interest rates and the correlation between lower rates and the flow of ad dollars," said CBS-TV vp-sales Paul Isacsson. Another barometer of the marketplace, automotives, also is looking up, with Ford and Chevrolet recently having come in with substantial buys in both sports and prime time. Earlier in the year, some execs fretted that automotives were only spending at last year's levels and not adding on to keep pace with inflation. But the word now is that they are in the marketplace at levels that will surpass last year. Still, several agency buyers pointed out that all three networks have inventory in all dayparts, and felt confident that their scatter buys would be at prices not that much higher than the upfront marketplace.

With one eye on scatter, many buyers also are following developments in both college and professional football.

NBC has confirmed the it has given the College Football Assn., the breakaway group representing

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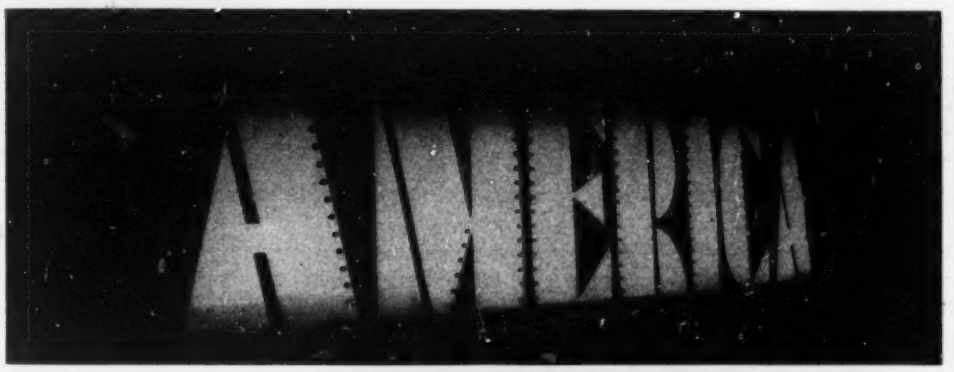

Helping make America work

United Automobile Workers Union is working on its sullied image by tying in with the Space Shuttle and other American successes. "Here's one of the latest models put together by the UAW," says one union member in a new tv commercial. The slogan: "The UAW wants to help make America work again." (See story on Page 71.)

Hardee's will try to convert Burger Chef

By RICHARD KREISMAN

The planned acquisition of General Foods' Burger Chef chain moves Hardee's Food Systems another step forward in its evolution from a southern regional chain to a national fast-food marketer.

The Rocky Mount, N.C., company said last week it will start a conversion test of an unspecified number of company-owned Burger Chef units to Hardee's in the first quarter of 1982, and soon after hopes to convince franchisees to move under the Hardee's banner.

While the $44,000,000 sale still awaits government approvals, it is expected to clear because the chains are not direct competitors. Hardee's operates about 1,400 restaurants in the Southeast, mid-Atlantic and upper Midwest. Indianapolis-based Burger Chef is strongest in Midwest markets such as St. Louis, Cincinnati, Detroit and Indianapolis.

■ "This is a logical step for Hardee's," said Breen Condon, vp-general counsel. "The acquisition will give us a bridge to connect the South and the North."

The sale takes General Foods out of the fast-food industry after almost a decade of painful losses with the Burger Chef chain, which it acquired in the late '60s in the hopes of developing a national chain. That never happened, but via a retrenchment the chain rebounded, revamping its menu, adding new products, refurbishing units and spending heavily to advertise the changes.

The 679-unit chain is expected to be profitable this year, according to Burger Chef execs, and industry observers said the Burger Chef turnaround, particularly in improved operations, was a key factor—as well as the price—in Hardee's decision to acquire the chain. Mr. Condon said Hardee's had previously slated several Burger Chef markets for its own expansion over the next few years. "The situation presented itself and it was too good to pass up," he said.

Even if Hardee's moves quickly on the conversion of Burger Chef's 259 company-owned restaurants, it is obligated under franchise contacts to provide marketing and support services to the chain's licensees. Mr. Condon said Hardee's "fully intends to live up to that contract," but will meet with franchisees early next year to propose the Hardee's conversion.

■ If the changes are made, the combined chain will most likely consolidate its ad account. Bo Batchelder, Hardee's senior vp-marketing, was not available for comment. Mr. Condon said no decision has been made regarding agencies —"I don't think it has been considered yet. It is too soon."

Benton & Bowles, New York, is agency of record for Hardee's. Ogilvy & Mather, Chicago, handles

(Continued on Page 70)

highlights

Monday, Dec. 14, 1981

Video Probe Index/Home Testing Institute will issue daily/weekly/monthly cume ratings three times a year for basic cable tv networks. *See Page 10.*

Dallas/Fort Worth cable tv viewers spend 45.9% of their time watching premium cable channels, a local sample for *Cable Plus* showed. *See Page 10.*

A former Lever Bros. exec recommended using sales promotion effectiveness to measure ad effectiveness at an Assn. of National Advertisers workshop. *See Page 12.*

Hearst/ABC plans to take advantage of cable tv viewers' "stumble pattern" in starting its Daytime. *See Page 12.*

CBS Radio readies its second network, RADIORADIO, for debut this spring. *See Page 20.*

Kellogg Co. is maintaining its enthusiasm for its Nutri-Grain cereal despite soft spots in the introduction. *See Page 26.*

The Boston Herald-American goes tabloid in an effort to save itself, as other struggling papers watch its progress. *See Page 64.*

After intense emphasis on new products, Johnson Products Co. is sitting back to see what happens. *See Page 67.*

CORPORATE CLOSEUP

Jerrico Inc. is enjoying fast growth with its Long John Silver's Seafood Shoppes fast-food chain, but management still takes things slowly and carefully. *See Page 4.*

FOLLOWUP

Finding life more relaxing out of the public eye, Gerald Rafshoon is in the midst of developing a script for a six-hour mini-series on Iran. *See Page 40.*

INTERNATIONAL

The recession in the U.K. has brought an upsurge of new generic products as major supermarket chains try to boost their sales by offering value-for-money goods. *See Page 28.*

After two years in test market in northern Italy, Procter & Gamble this fall hung out its Pampers disposable diaper on the national line. *See Page 68.*

MAGAZINE

In the second half of his first-hand account of the battle to save the Federal Trade Commission from the commission's viewpoint, Michael Pertschuk describes how the tide toward consumerism turned in the 1980s and the effect it had upon the commission. *See Page 43.*

Len Carlson, a pioneer in catalog mail order operations, offers 34 factors to consider when selecting direct response merchandise. *See Page 48.*

VIDEOTECH

"The Jazz Singer" becomes the latest hot vcr title, topping October sales. *See Page 52.*

Cable execs complain at the Western Cable Show that major tv audience measurement services are favoring broadcasters at the expense of cable in research. *See Page 56.*

section 2

CHINA

In recent years, advertisers and agencies in the U.S. were extremely optimistic about the potential market represented by China's 1 billion consumers. Some, such as McCann-Erickson and client Coca-Cola, still are. But many others feel that China was oversold, and that the Chinese government is putting consumer products at the bottom of its priority list. This week Section 2 looks at the future for consumerism in China—beginning opposite Page 40.

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N.Y. catv sale is rumored

By ROBERT RAISSMAN and JAMES P. FORKAN

New York—Word that Teleprompter Manhattan Cable TV might be up for sale traveled fast through the catv and financial communities late last week.

At the same time, New York City's board of estimate officially awarded the non-Manhattan catv franchises.

During a q&a session at Paine Webber's "outlook for the media" conference, J. Richard Munro, president, Time Inc., told analysts, "Teleprompter would love to take a walk from Manhattan," where it has had one-half of the catv franchise since August, 1970. The reason, industry sources said, is the considerable expense that will be required to upgrade that system to match the state-of-the-art technology that will be installed in the other New York City boroughs.

Moreover, the Big Apple may find more than one system trying to leave. Mr. Munro also told the same meeting of security analysts that Time Inc. itself will "look twice" if the city "wants too large a pound of flesh" to modernize the

(Continued on Page 69)

Coen: '82 ad volume $68.5 billion

NEW YORK—Total advertising investment in U.S. media will be up 11.7% to $68.5 billion in 1982, according to Robert Coen, senior vp of McCann-Erickson U.S.A. His 1982 forecast for the industry is slightly more optimistic than his 1981 prognosis.

Speaking at the 1981 conference on the outlook for media staged annually by Paine Webber Mitchell Hutchens, Mr. Coen predicted national broadcast would be up 12% in 1982 to $11.5 billion, national print would be up 11% to $6.9 billion and other national media would be up 12% over a year earlier, to $19.3 billion.

■ Mr. Coen's 1981 predictions read: National broadcast up 9% to $10.15 billion, national print up 10% to $6.13 billion and other national up 10% to $17.1 billion. The 1981 overall spending figure predicted by Mr. Coen was up 10.8% to $60.8 billion.

The biggest gains in national advertising revenues this year will be experienced by newspapers, up 16% to $2.7 billion, as opposed to $2.35 billion rung up in 1980. The second largest is radio, up 14% to $1.08 billion. Spot tv was predicted to be up 13% to $3.7 billion, other media up 12% and magazines up 11% in 1981, according to Mr. Coen's tally. Network tv shows the smallest gain, up 8% to $5.54 billion from $5.1 billion in 1980.

In various product categories, Mr. Coen tracked the greatest increased spending by wine advertisers, up 77.4% in the first nine months of 1981. Radio, tv and hi-fi advertisers increased spending by 21.7%; airline advertising was up 17.4%; food advertising was up 16.3%; automobile advertising was up 15.8%; pet foods up 15.6%; drug/remedy marketers up 3.5%, and toiletries and soaps/cleaners up a mere 0.8% and 0.3%, respectively.

In national newspaper expenditures, the greatest gain was in industrial advertising, up 44%. Tobacco ad spending was up 27% and hotels/resorts up 25%. The smallest gains were in publishing and media newspaper expenditures, up a slight 6%.

The top product category changes for magazines for the first nine months of 1981 came in automobiles, up 28% over the first nine months of 1980, and in toiletries, up 15%. Alcoholic beverages showed the least gain, up 1%.

(Continued on Page 72)

National advertising 1981 vs.'80

	1980 ($000,000)	1981 ($000,000)	CHANGE (PERCENT)
Network TV	$ 5,130	$ 5,540	8%
Spot TV	3,269	3,700	13
Radio	954	1,085	14
Magazines	3,149	3,500	11
Newspapers	2,363	2,730	16
Other Media	15,430	17,325	12
TOTAL	$ 30,285	$ 33,880	11.9%

The outlook for 1982

	CHANGE OVER 1981	1982 FORECAST ($000,000)
National Broadcast	12%	$ 11,545
National Print	11	6,915
Other National	12	19,360
Total National	11.6	37,820
Total Local	11.9	30,670
GRAND TOTAL	11.7%	$ 68,490

LOOKING FOR NEW OUTLETS

Big media prices a turnoff

NEW YORK—The cost of advertising in media has escalated to a point where advertisers are starting to turn away from traditional uses of national media, according to Herb Maneloveg, senior vp-partner and director of media marketing services, Della Femina, Travisano & Partners.

"There is more concern by advertisers on where and how they purchase [media]," Mr. Maneloveg said at the media outlook seminar orchestrated by Paine Webber Mitchell Hutchens. "Bigness is no longer a guarantee of advertiser interest, especially if bigness brings a huge price tag with it," he said.

Elaborating on his theme, Mr. Maneloveg noted that while *Sports Illustrated* was doing well, *Golf Digest* and *Tennis* were doing better; where *"Time* and *Newsweek* are standing still, *Forbes* and the *Wall Street Journal* are going gangbusters," and that *Esquire* was resurgent in its category.

Big names in magazines carrying big price tags, he said, were *McCall's, Reader's Digest,* Time and *TV Guide,* whose four-color page costs are $65,000, $89,000, $75,000 and $76,000, respectively. And a 30-second prime time tv spot costs about twice as much as those magazine full-page ads, he said.

■ At those prices, Mr. Maneloveg stressed, advertisers must find new outlets for their messages, such as early news shows, as well as specialized magazines. Noting that the basis of national advertising efficiency involves both reach and frequency, Mr. Maneloveg pointed out that national rates are making audience reach and frequency difficult. At the same meeting, Lawrence Grossberg, vp, J. Walter Thompson Co., predicted average network ratings would be on the decline as a result of the growth of cable and pay tv. But he added that the amount cable snares will not be as great as many network doomsayers have predicted.#

world news roundup

LONDON—BNRR Needham Ltd. has taken on one of Britain's single biggest brand accounts with the $9,500,000 United Biscuits McVitie's line. Needham, which won the account from Saatchi & Saatchi, already had $3,800,000 of McVitie's business.

HAMBURG—Team/BBDO, still smarting from loss of billings due to the breakaway last summer of Scholz & Friends, is getting back on a winning track again with the gain of a $4,000,000-plus account from Schwarzkopf of Hamburg, one of Germany's top haircare and grooming marketers.

TORONTO—Equal, the aspartame-based tabletop sugar substitute currently in two small U.S. test markets, is scheduled for national rollout in Canada in January.

BUENOS AIRES—Argentina has arranged to lease six of the 24 transponders for Brazil's twin communications satellite as a stopgap measure until it builds its own, not before 1983.

SAO PAULO—J. Walter Thompson Co. will open another office here in early 1982 to further expansion aims in Brazil and handle possible account conflicts. The new agency's first account is Kellogg's baby cereals. JWT already handles Nestle baby foods.

Air appliances clean up holiday sales

By GAY JERVEY

NEW YORK—One Christmas it was Water Pic. Then came hair curlers, blow dryers and multifaceted makeup mirrors. This year, consumers are letting their noses do the shopping, and the result is a holiday business bonanza for air-freshener appliance marketers.

Until recently, such appliances have been a well-kept secret. However, growing environmental concerns and the antismoking clamor have led more people to become skittish about pollutants, inside and out. Thus, these small filters, which clean, deodorize and recirculate indoor air have come of age and are being offered by a growing number of companies.

Like any new category, this one is rife with intramural backtalk about who got there first and whose product reigns superior. One thing that is certain, however, is that at a time when "flat, flat, flat" is nearly all one hears about most businesses' growth expectations, air fresheners are galloping ahead. An estimated 3,600,000 to 4,000,000 units will be shipped this year, up from 1,000,000 last year, with 1982 projections anywhere from 5,000,000 to 8,000,000.

The category currently is dominated by three brands: Norelco, Pollenex and Rush-Hampton, which together account for at least 80% of the business. Exactly how many other contenders there are remains uncertain, with estimates ranging from 10 to 20, and fewer than 10 advertising in a big way. New contenders, particularly those hoping to cash in on the Christmas rush, seem to arrive on the market every day.

At the moment, Norelco leads the pack, with an estimated 56% share, according to "Flynn Reports," a publication of Flynn Audits, New Canaan, Conn., which periodically tracks the appliance business. Pollenex follows with 22%, and Rush-Hampton is just a whisper away at 19%. The remaining 3% is left to the smaller marketers. At press time, however, a more recent Flynn report was due. Commenting on its probable findings, Ron Wahra, account supervisor on the Norelco account at McCaffrey & McCall, New York, demurred that Norelco's lead was likely to slip, if only a bit. He maintained that it's difficult to hold on to that kind of margin even in the best of times, much less with competition getting hotter every day.

North American Philips Corp.'s consumer products division, Stamford, Conn., was the first contender to advertise heavily nationally, backing its line of Norelco clean air machines introduced in May, 1980. Initially, the company confined itself to print, with ads

(Continued on Page 69)

Class snack

Classy gold packages are used by Nabisco for its new five-item line of dessert cookies, now being introduced into the Northeast (AA, Dec. 7). Print ads like this, from William Esty Co., support the launch.

MUCH TO ANPA'S DELIGHT

House calls for AT&T curb

WASHINGTON—With Senate action completed, a House subcommittee has launched its version of telephone industry deregulation to cheering from the American Newspaper Publishers Assn.

The publishers are delighted because the bill introduced last week by House telecommunications subcommittee chairman Timothy Wirth (D., Colo.) tightly curbs the role American Telephone & Telegraph can play in the market for future electronic information services. Rep. Wirth promised hearings would begin early next year.

ANPA chairman and president Katharine Graham, chairman of the Washington Post Co., greeted introduction of the Wirth bill with a statement predicting that "if these provisions are enacted into law, the American public will be the beneficiary of the rapid development of electronic information services offering an unprecedented diversity of sources." AT&T had no immediate comment.

After intensive publisher lobbying, the Senate amended its bill with language prohibiting AT&T from selling its own "mass media services" to telephone subscribers in its monopoly markets (AA, July 13 *et seq.*). The House bill is even broader, barring AT&T from offering its own "information publishing services" over its Bell lines.

Wirth aides said their bill goes beyond mass media and would keep Bell from assembling and marketing its own data bank services over its own transmission lines. Unlike the Senate bill, it would require all major phone companies to deal on an equal basis with all electronic publishers seeking access to the telephone system.

AT&T had complained bitterly that the restrictions prevent it from offering an electronic version of its print Yellow Pages while other print media are free to exploit electronic transmission for their information. ANPA argued that AT&T would be in position to discriminate against other electronic information suppliers who would need access to Bell telephone lines in order to compete.#

Outlook for '82

(Continued from Page 3)

"We could end up with another significant year for advertising," Mr. Coen said.

Some of the other reports at the Paine Webber conference:

Magazines

Following a year in which magazine ad revenues increased on target—up about 10% over 1980—industry experts are forecasting that 1982 will bring a gain of between 8% and 12% over the $3.3 billion in ad revenues recorded in 1981.

At the Paine Webber conference, Arthur Karlan, vp, Newsweek Inc., said that he was basing this projection on planned rate increases by most magazines, the same standard that he said accurately predicted 1981's revenue gains.

Beyond 1982, Mr. Karlan is optimistic about the future of magazines. He dismissed arguments that the print media will be hurt by the growth in cable and video technology, arguing that "the public needs time to assess information being thrust at them." He said the so-called information explosion "will underscore the basic health of magazines."

He added that the magazine industry will also be helped in the coming decade by changing demographics of the U.S. population.

Although the total adult population is expected to grow only about 12% by 1990, Mr. Karlan said that census figures project a 21% increase in the 18-to-44 age group, a 42% increase in college-educated persons, a 74% increase in homes with an income of more than $25,000 a year and a 17% increase in working women. All of these groups are higher-than-average magazine readers, Mr. Karlan said.

Mr. Karlan's optimism is shared by John Scott, president of Times Mirror Magazines. He said 1982 "should be the best in history for the magazine industry."

Mr. Scott agreed that the industry should experience a 10% to 12% increase in revenues, with a typical magazine in the country's top 100 earning a net profit that will be around 4% of its 1982 revenues.

Newspapers

The recession and its effects on newspapers notwithstanding, execs at some of the largest U.S. papers are confident about their industry as they look ahead to '82.

This last year, despite some drops in advertising, held up better than most analysts had initially thought, and it is expected that 1982 will be at least as good a year as 1981.

For all of 1981, ad revenues are expected to increase by 13%, with linage up about 1%, according to Newspaper Advertising Bureau estimates. The revenue gains break down into a 14% increase in retail, a 10% increase in classified and a 16% gain in general advertising.

For 1982, revenues will probably increase 12%, predicts Edward Parmalee, vp-marketing, Knight-Ridder. Most of those gains will come from increased spending in retail and national advertising, mostly due to what Mr. Parmalee said will be rate increases of around 11% at most major newspapers. Classified linage will continue to be depressed by the economy, particularly in the year's first quarter, but should pick up by the end of the year, Mr. Parmalee said.

Although advertising-to-sales ratios declined last year among many retailers, Mr. Parmalee said these should bounce back as the economy starts to improve later in the year and as store shoppers experience the full benefit of the 1982 tax cut. He predicted that retail sales will be up 9% next year—as opposed to a 7% increase in 1981—and the increase should translate into heavier advertising by retailers.

Newspapers are becoming increasingly efficient in targeting certain of their editions, Mr. Parmalee added, explaining that while full-run editions will only increase about 1% in linage next year, partial runs will show an increase of about 10%.

State, local and national elections will also boost advertising spending, he said.

National advertising in newspapers has become increasingly important to the bottom line, Mr. Parmalee said, pointing out that national ad revenues increased 17% in the past year and that newspapers now have a market share of about 7% in national advertising.

Fred Harris, vp-finance, Dow Jones, predicted that newspaper linage would be "flat to down" in the first half of 1982 and "flat to up" in the last half of the year. Over-all, he thought political advertising would help boost the yearly linage total to about 1% to 2% higher than this year, with revenues increasing by 12%.

Newspaper earnings are being helped by more aggressive pricing of the product, Mr. Harris said, explaining that 32% of all papers now sell for 25 cents, compared to only 8% of the papers in 1979.#

Time tries cable clusters

NEW YORK—J. Richard Munro, chairman of Time Inc., said the company has embarked on a strategy of clustering its American Television & Communications Corp.'s basic cable systems to prepare for inevitable ad revenues.

"We are looking toward markets where we will have the coverage and clout to serve advertisers, who in five to 10 years will be knee-deep in cable tv with important dollars," Mr. Munro told analysts at a media outlook conference here sponsored by Paine Webber Mitchell Hutchens. He said ATC already has begun to trade off certain cable systems that do not fit into the cluster concept. "It [ATC] is emphasizing contiguous growth, accelerating the buildout of systems in major ATC cities or in regions where it has established more than an isolated presence."

ATC, he added, was in no hurry to rebuild or upgrade existing systems because most franchises don't come up for renewal for about five years. He said that as renewals approach, the market will dictate how a system is to be changed.

By clustering systems, Mr. Munro said, ATC could be the leading cable operator in specific chosen markets rather than a minor operator in scattered ones. "We see those markets as profit centers from advertising," he said.

Although the situation parallels the one tv stations are in today, ATC would have two sources of revenue—subscribers and advertisers.

According to Mr. Munro, ATC will have added nearly 500,000 new subscribers by the end of this year, bringing it to almost 1,800,000 homes. He said ATC ranks No. 1 in subscribers among all basic systems.

Time Inc.'s other video subsidiary, Home Box Office, will close 1981 with 8,000,000 subscribers, more than twice as many as the nearest competitor, Mr. Munro said. He noted that the entry of Spotlight, Times Mirror's movie channel, would not affect HBO but could have some bearing on Cinemax, a companion service of HBO.

In 1982, he said, nearly one-third of HBO's movies will be exclusive because of prebuys. He added that HBO will enter into exclusivity agreements with studios for feature films. However, he said the duration of the agreements would not be "forever" and would not affect HBO's profit margins.#

'Business Week' to try series

By ROBERT RAISSMAN

NEW YORK—McGraw-Hill is planning to enter the burgeoning business tv market with a weekly half-hour program based on *Business Week* magazine.

Although the project is still in preliminary stages, Don Rubin, vp-public affairs at McGraw-Hill, said the show could be put into syndication some time in 1982.

"Like most ventures, we are proceeding in stages," Mr. Rubin said.

The first stage, a treatment of the show, has already been produced. It met with approvals and a go-ahead was given for production of a pilot. The pilot is being produced by personnel from *Business Week* and the company's broadcast division.

Mr. Rubin said the show's format, still being shaped, will rely heavily on *BW* contents.

"We have an idea and it's being looked at," he said. "There isn't even a title for the show, so to suggest any kind of format now would be premature."

Joseph L. Dionne, president-chief operating officer at McGraw-Hill, said the program could be the first step in taking the company's publications to specialized markets through television.

Mr. Dionne said the second step in the plan could be production of business news briefs to be inserted in local newscasts. He didn't rule out the possibility of also extending some of the programing to cable.

If the McGraw-Hill project is successful, the show will join a number of new entries. In October, "The Nightly Business Report" premiered as television's first national business news program. The show debuted initially as a 15-minute show on WPBT, the Miami public tv station. Other new entries are the Financial News Network, which began last month on 15 cable and broadcast channels and "Moneyline," which runs nightly on the Cable News Network. Dow Jones & Co., which has been syndicating its *Wall Street Journal* news briefs to commercial tv stations, also is offering its Dow Jones Cable News to catv systems.#

Perfect score for 'Time Z'

NEW YORK—The computer has given Time Inc. new sales ammunition for *Time Z*, the special demographic edition of *Time* that goes to upscale households.

Previously boasting 97% of its 1,200,000 circulation among households with incomes of $40,000 or more, *Time Z* as of Jan. 1 will provide 100% of its circulation in that rarefied category. This was achieved as PRIZM, the syndicated service that defines 10 cluster groups in demographic and life style terms, found upscale readers residing in Zip codes that are not considered upscale. PRIZM tags four of its 10 groups as "magazine dominant." Three are considered "tv dominant" and the rest are dual usage groups. The four magazine dominant groups selected by *Time Z* are said to account for the largest volume of usage in such key product categories as foreign airline travel, table wines, business travel, air travel cards, 35mm cameras, etc.

The stepup in PRIZM coverage coincides with a previously announced rate hike for *Time* and its various editions.#

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Dailies show gain in Sept. ad totals

NEW YORK—Expenditures for newspaper advertising in September totaled $1.506 billion, a gain of 15.6% over the same month a year ago, according to preliminary volume figures that are prepared by the Newspaper Advertising Bureau for ADVERTISING AGE.

For the first time this year, the retail category had the largest monthly growth percentage, increasing 21% to $838,300,000. National advertising expenditures for the month were $229,600,000, a gain of 13%. Classified rose 8% to $438,300,000.

For the first three quarters of 1981, ad spending in newspapers totaled $12.828 billion, a 16% gain over the first nine months of 1980.

Retail advertising for the period was $6.828 billion, up 16%; classified advertising was $3.920 billion, up 14%; national was $2.080 billion, up 23%.

The bureau's estimates are based on measurements by Media Records Inc. in 63 index cities, plus other data.

■ In individual categories followed by Media Records, ad spending for headache remedies and sedatives showed the largest gain over the same period a year ago, with a 195% increase to $18,978. Following close behind was spending on coffee and tea, up 155%. Third-largest gain was made by soft drinks, up 127%.

Only two of the 16 categories measured were down in September. Spending on cigarets declined 10% to $6,790,500, while publishing and media categories dropped 3% to $8,534,000.#

FLASH REPORT: Newspaper advertising investment for November

SEPTEMBER 1981 CATEGORIES	YEAR	DOLLARS 1981	DOLLARS 1980	CHANGE ACTUAL $ G OR L	CHANGE % G OR L
Department stores	1981	$56,688,077	$46,413,436	+10,274,641	+ 22.1
	1980				
Food stores	1981	18,123,540	14,419,992	+3,703,548	+ 25.7
	1980				
Radio, tv, phonographs, records	1981	7,184,078	5,384,042	+1,800,036	+ 33.4
	1980				
Alcoholic beverages	1981	1,675,595	1,546,910	+ 128,685	+ 8.3
	1980				
Cameras, photo supplies & services	1981	275,022	272,406	+ 2,616	+ 1.0
	1980				
Beverages: coffee and tea	1981	236,653	92,848	+ 143,805	+154.9
	1980				
Beverages: soft drinks, diet/non diet	1981	301,106	132,427	+ 168,679	+127.4
	1980				
Soaps, cleaners & polishes	1981	108,684	101,412	+ 7,272	+ 7.2
	1980				
Cold, cough & sinus remedies	1981	990	0	+ 990	—
	1980				
Headache remedies & sedatives	1981	18,978	6,426	+ 12,552	+195.3
	1980				
Publishing & media	1981	8,534,049	8,846,771	312,722	3.5
	1980				
Sporting & Leisure time equipment	1981	178,682	128,919	+ 49,763	+ 38.6
	1980				
Cigarettes	1981	6,790,523	7,546,226	755,703	10.0
	1980				
Cosmetics, makeup & manicure products	1981	128,315	80,401	+ 47,914	+ 59.6
	1980				
Airlines	1981	8,733,963	5,709,440	+3,024,523	+ 53.0
	1980				
Passenger cars-new	1981	6,874,413	5,790,155	+1,084,258	+ 18.7
	1980				

This Flash Report of newspaper advertiser investment, compiled for ADVERTISING AGE by Media Records, is derived from tabulations that cover 33 dailies and 25 Sunday editions in 14 cities: Atlanta, Baltimore, Boston, Chicago, Cleveland, Dallas, Denver, Los Angeles, Miami, New York, Philadelphia, Pittsburgh, San Francisco and Washington. The *Washington Star* ceased publication Aug. 7, 1981, and so, for comparability, has been excluded from this report.#

Source: Media Records Inc.

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media people

Meagher resigns at Penthouse

NEW YORK—Mark J. Meagher has resigned as president-chief operating officer, Penthouse International Ltd., effective Dec. 31. Mr. Meagher, former president of the Washington Post Co., joined Penthouse, publisher of *Penthouse* and *Omni*, last April. With his departure, the title of president reverts to publisher Robert C. Guccione. David J. Myerson, exec vp, becomes chief operating officer. Mr. Meagher, together with Sash A. Spencer, chairman, Holding Capital Management Corp., have completed their plan to open Meagher-Spencer Associates, New York-based company that will seek to acquire companies for private investment purposes. Their company will begin operations on Jan. 12.

Other people moving:

C. Robert Brooks to West Coast advertising manager at *TV Guide*, succeeding **Richard Cook**, who is retiring. Mr. Brooks, a member of the Los Angeles sales staff since 1973, was named Los Angeles ad manager a year ago.

Donald Kilmartin to New York ad manager, *House & Garden*, a new post, from sales rep. Also at *House & Garden*: **Timothy Knipe** to national manager, design and decorating, a new post, from international business manager.

Thom Ferro to national sales manager, Westwood One radio syndication, Culver City, Cal., from regional sales manager.

Robert Pittman to senior vp-programming, Warner Amex Satellite Entertainment Co., New York, from vp-programing. Besides MTV: Music Television and The Movie Channel, he will oversee program development.

Ernest Vitucci to administrative assistant to the director of display advertising, *Los Angeles Times*, from administrative assistant to the retail advertising manager. He succeeds **John Gail**, who retired.

Lynn M. Ingham to associate advertising director, *San Francisco*, from supervisor of fashion accounts. She succeeds **Dan Obst**, who left. **Susan Cohen Strange**, former editorial production manager, *Inside Sports*, succeeds Ms. Ingham.

Robert Netupski to vp-marketing, a new title, *New Britian* (Conn.) *Herald*, from marketing director.

Edward J. Murphy, corporate vp, Jackson Newspapers, New Haven, Conn., adds vacant title of assistant general manager.

David P. Sifford to president, Comworld International, Nashville, new sydication division of Comworld Group, from president, Osmond TV Sales.

Julie Osler to director of pr, RCTV's Entertainment Channel, New York, from a similar post at Showtime Entertainment, succeeding **Lisa Getman**, now director of marketing support services.

Rick Rosencrans to the new post of director of affiliate relations, Cable Networks Inc., New York, from programing coordinator, UA-Columbia Cablevision.

George Cooney to chairman of the newly formed videotape duplication and post-production joint venture of Columbia Pictures Industries and Bell & Howell Co., while remaining New York-based general manager, Columbia's EUE/Screen Gems tv commercial production division. **Robert Pfannkuch** to Northbrook, Ill.-based president of the joint venture, from president, Bell & Howell's video group.

James G. Chapman to publisher, *Energy User News*, published by Fairchild Publications, New York, a Capital Cities Communications company. Mr. Chapman fills a post now being relinquished by **Daniel Newman**, named Fairchild president in 1980. Mr. Chapman also will continue to serve as ad director of *EUN*.

Nory LeBrun to the new post of vp-cable sales and marketing, Turner Broadcasting Sales, Atlanta, from general manager of cable sales. He will coordinate sales and marketing of Cable News Network, CNN2 and superstation WTBS.

Joseph G. Antelo to exec vp, WGN Continental Productions Co., Chicago, from vp-director of sales, WGN Continental Broadcasting Co., succeeding **Jack Jacobson**, who joined Sportsvision as vp-operations. **John Suder**, marketing director at parent company Tribune Co. Broadcasting, acts as WGN's general sales manager until a replacement is named.

Harold J. Silver to exec director of advertising, a new post, Encyclopaedia Britannica-USA, Chicago, from director of advertising. Also, **Alan B. Boyer** to director, direct mail and special list advertising, a new post, from direct mail manager, and **Marguerita Weiss** to the new post of creative director of mail order new products and direct mail lead advertising from director of new products.

Also:

Leslie Walker to the new post of marketing manager, United Cable Television, Grand Junction, Colo. . . . **Lane Saunders** to general manager, KMBY, Billings, Mont., a Peoria Journal Star station, from KOOK . . . **Susan Brumett** to promotion manager, Century Communications, Skokie, Ill. . . . **Vaughn E. Rockhold** to national sales manager, *Government Product News*, a Penton/IPC publication, Cleveland.

ELECTED VPs:

Robert O. Southard, WFRV Television, a newly formed subsidiary of Midwest Radio-Television, Minneapolis . . . **Thomas M. Drape**, Universal Press Syndicate, Fairway, Kan.#

P&G's Wehling elected chairman of PMAA

CHICAGO—Robert L. Wehling, division manager, general advertising, Procter & Gamble Co., has been elected chairman of the Promotion Marketing Assn. of America. Elected vice-chairman was Robert J. Evans, manager-promotion services, Gillette Co.

Elected vps were: Nicholas A. Rago, vp-marketing, Armour & Co.; David M. Levi, director of promotion services, General Mills; Daniel O. Haas, manager-promotion services, Coca-Cola Co.; John C. Young, director of promotion, Scott Paper Co. Robert L. Callahan, general counsel, Coca-Cola Co., was elected secretary and Thomas J. Conlon, president, D.L. Blair Corp., was elected treasurer.

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